



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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July 23, 2003

IN REPLY PLEASE

REFER TO FILE: **MP-6**
11.042

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TUJUNGA WASH - PARCELS 58-1/2L, 60L, 772L, 773L, 774L, 775L, 780L, 781L,
AND 786L
LEASE AGREEMENT AND MEMORANDUM OF LEASE
CITY OF LOS ANGELES
SUPERVISORIAL DISTRICT 3
3 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find this transaction categorically exempt from the provisions of the California Environmental Quality Act.
2. Approve the enclosed 40-year Lease Agreement with three options to renew for five years each, between the Los Angeles County Flood Control District and 12729 Riverside, LLC, a California limited liability company, for vehicular parking, ingress and egress, and landscaping purposes over Tujunga Wash, Parcels 58-1/2L, et al., located southwest of Tujunga Wash, adjacent to 12629 Riverside Drive, in the City of Los Angeles, at an initial rent of \$121,977.57 per year (55,547 square feet).
3. Instruct the Chair to sign the Lease Agreement and Memorandum of Lease and authorize delivery to the Lessee.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This action will allow the Los Angeles County Flood Control District to lease 55,547 square feet, along Tujunga Wash, to 12729 Riverside, LLC, for 40 years for vehicular parking, ingress and egress, and landscaping purposes. 12729 Riverside, LLC, owns the adjacent property located at 12629 Riverside Drive. The lease premises are located along the southwest side of Tujunga Wash, adjacent to 12629 Riverside Drive, in the City of Los Angeles. The Lease provides for three consecutive five-year renewal options to 12729 Riverside, LLC.

Implementation of Strategic Plan Goals

This action is consistent with the Strategic Plan Goal of Fiscal Responsibility. The revenue from this Lease will be used for flood control purposes and the leasing of the property will enhance future revenues through assessment and taxation.

FISCAL IMPACT/FINANCING

Rent is to be paid on a quarterly basis. The first quarter's rent of \$30,494.40 has been paid and deposited into the Flood Control District Fund. Subsequent years' rent shall be adjusted annually based upon the Consumer Price Index for All Urban Consumers, with reappraisal every five years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This Lease will have no negative impact on the District's operation of Tujunga Wash in the area being leased. County Counsel has reviewed and approved the Lease Agreement and Memorandum of Lease as to form.

ENVIRONMENTAL DOCUMENTATION

The Lease Agreement is categorically exempt, as specified in Class 4(j) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, Synopsis 57, and Section 15304 of State CEQA Statutes and Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

None.

The Honorable Board of Supervisors
July 23, 2003
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CONCLUSION

This action is in the District's best interest. Enclosed are two originals and one duplicate of the Lease Agreement and an original and two duplicates of the Memorandum of Lease signed by the Lessee. Please have all the originals signed by the Chair and acknowledged by the Executive Officer of the Board of Supervisors. Please return one executed original and one duplicate Lease Agreement and the original and one duplicate of the Memorandum of Lease to this office, retaining one original Lease Agreement and a duplicate Memorandum of Lease for your files.

One approved copy of this letter is requested.

Respectfully submitted,

JAMES A. NOYES
Director of Public Works

WH:in
P6:bitUJUNGA58Letc

Enc.

cc: Auditor-Controller (Accounting Division - Asset Management)
Chief Administrative Office
County Counsel

Lease Agreement No. _____
Tujunga Wash Parcels 58-1/2L, 60L, 772L, 773L, 775L, 780L, 781L, and 786L
Assessor's Parcel No. 2357-022-900; 2357-028-900; 2357-029-900
Right of Way Map Nos. 11-RW 23.1 and 24.1
Thomas Guide Map/Page 562 (E3-F3)

LEASE AND AGREEMENT

BETWEEN
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT,
a body corporate and politic
AND
12729 RIVERSIDE, LLC, a California limited liability company

PURPOSE: Vehicular parking, ingress and egress, and landscaping

LOCATION: Southwest side of Tujunga Wash, adjacent to 12629 Riverside
Drive, in the City of Los Angeles.

TERM: Forty (40) years commencing upon Board of Supervisors' approval

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LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made this ____ day of _____, 2003, by the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, a body corporate and politic, hereinafter called "DISTRICT" and 12729 RIVERSIDE, LLC, a California limited liability company, hereinafter called "TENANT."

RECITALS:

WHEREAS, on October 22, 1991, DISTRICT entered into Lease Agreement No. 65599 with Valley Doctor's Hospital for use of the real property along Tujunga Wash adjacent to 12629 Riverside Drive in the City of Los Angeles; and

WHEREAS, on November 30, 2000, Lease Agreement No. 65599 was terminated as a result of a default by Valley Doctor's Hospital; and

WHEREAS, TENANT is the successor in interest to the property at 12629 Riverside Drive, Los Angeles; and

WHEREAS, TENANT desires to lease DISTRICT's property for vehicular parking, ingress and egress, and landscaping purposes in connection with its adjacent development.

NOW THEREFORE, in consideration of the covenants, and conditions, as set forth herein, DISTRICT and TENANT agree as follows:

1. GRANT OF LEASE

In consideration of the payment of rents and the faithful performance by TENANT of the covenants herein contained, DISTRICT, by and through its Board of Supervisors, does hereby demise and lease to TENANT, and TENANT does hereby lease and hire from DISTRICT for the term and under the covenants and conditions herein set forth, two parcels of land located along the south side of Tujunga Wash adjacent to 12629 Riverside Drive, in the City of Los Angeles, County of Los Angeles, State of California, more particularly described in Exhibit "A" and shown hachured in Exhibit B attached hereto and made a part hereof, hereinafter referred to as the "Leased Premises." The Leased Premises are comprised of the following: Parcels 60L, 772L, 773L, 774L, 775L, 781L and 786L, consisting of approximately 45,727 square feet, and Parcel No. 58-1/2L consisting of approximately 9,820 square feet.

Except as otherwise provided in this Lease, TENANT hereby accepts the Leased Premises in the condition existing as of the date this Lease commences and subject to all matters of record. TENANT acknowledges that neither DISTRICT nor DISTRICT's

agent has made any representation or warranty as to the present or future suitability of the Leased Premises for TENANT's proposed use or the conduct of TENANT's business.

2. USE

The Leased Premises shall be used for vehicular parking, ingress and egress, and landscaping purposes. Any other use is prohibited without prior written approval by DISTRICT, which approval shall not be unreasonably withheld or delayed.

3. TERM

A. Initial Term

The term of the Lease shall be forty (40) years, commencing July 1, 2003, subject to approval by the DISTRICT's Board of Supervisors. July 1, 2003 shall hereinafter be referred to as the Anniversary Date.

B. Option to Extend

TENANT shall have the option to extend this Lease for three (3) additional terms of five (5) years each, subject to the same terms and conditions as set forth in this Lease. TENANT shall notify DISTRICT in writing, not less than six (6) months nor more than twelve (12) months prior to the expiration of this Lease, of its intent to extend this Lease.

4. RENT

The rent for each year is due on the Anniversary Date, payable to the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, c/o Los Angeles County Department of Public Works, P.O. Box 1460, Alhambra, CA 91802-1460, Attention Fiscal Division. All payments must include the name of the TENANT and Lease Agreement number.

A. Calculation of Rent

1. First Year's Rent

TENANT agrees to pay DISTRICT the first year's rent for the Leased Premises an amount of ONE HUNDRED TWENTY-ONE THOUSAND NINE HUNDRED SEVENTY- SEVEN AND 57/100 DOLLARS (\$121,977.57). Rent is to be paid in quarterly payments of \$30,494.39 with the exception of the first quarter where the payment will be \$30,394.40. Each payment is due on the first day of the quarter.

2. Annual Rent Adjustment Based on Consumer Price Index For All Urban Consumers - (CPI-U)

Beginning the second year and every year thereafter that this Lease is in full force and effect, except as provided in Section 4A.3, the rent for the current 12-month period (Current Rent) shall be adjusted by the Consumer Price Index for All Urban Consumers (base year 1982-84 = 100) for the Los Angeles - Riverside - Orange County, California area, as published by the United States Department of Labor, Bureau of Labor Statistics ("Index").

The new rent shall be calculated by multiplying the Current Rent by a fraction, the numerator of which shall be the Index for that twelve (12) month period taken ninety (90) days prior to the date rent is due, and the denominator which shall be the index taken ninety (90) days prior to the previous Anniversary Date (Previous Index). The formula for calculations is shown below.

$$\text{Current Rent} \times [\text{Current Index} / \text{Previous Index}] = \text{New Rent}$$

If the described Index is no longer published, another Index generally recognized as authoritative shall be substituted as selected by the Chief Officer of the Bureau of Labor Statistics or its successor. If no such government index or computation is offered as a replacement, DISTRICT and TENANT shall mutually select a percentage for calculating future annual adjustments.

The rent shall never be adjusted to an amount less than the current rent.

3. Rent Adjustment Based on a Reappraisal

On the Sixth Anniversary Date, and each five-year period thereafter, the rent shall be adjusted based on an appraisal of the Leased Premises made or caused to be made by DISTRICT. The rental shall be adjusted to an amount equal to ten percent (10%) of the fair market value of adjacent properties, exclusive of the improvements on such properties, and discounted by fifty-five percent (55%). DISTRICT shall provide TENANT with written notice of the new rent, and if requested by TENANT, shall provide TENANT with documentation in support of DISTRICT'S appraisal and identifying the properties upon which DISTRICT'S appraisal is based, and their fair market values. In the event the annual rent set forth in DISTRICT'S notice is not acceptable to TENANT, TENANT must nevertheless pay rent at the new rate established by DISTRICT until the dispute is resolved. TENANT may, within fifteen (15) days from date of DISTRICT's notice of the rent adjustment and at its expense, hire a qualified appraiser to prepare an appraisal of the Leased Premises for DISTRICT'S review and consideration. A qualified appraiser shall be a member in good standing of a recognized national appraisal institute which tests, certifies and provides a program of continuing appraisal education and who possesses a minimum of five (5) years commercial real estate appraisal experience. If TENANT has not appointed the appraiser within fifteen (15) days from the date of DISTRICT's rent adjustment notification, and notified

DISTRICT of the appointed appraiser, the adjusted rent established by DISTRICT shall be deemed accepted by TENANT.

If the parties are still unable to agree upon a new annual rent, at the written request of TENANT, both parties, jointly acting in good faith, shall appoint and hire a neutral qualified appraiser. The appraised value shall be conclusive, final, and binding upon both parties.

Once the new annual rent has been determined, TENANT shall within thirty (30) days of demand, pay any difference owed to DISTRICT for the period affected by the adjustment or DISTRICT will apply any difference owed to TENANT to the next year's rent.

DISTRICT shall provide written notice to TENANT thirty (30) days prior to the effective date of the rental adjustment based on the reappraisal.

B. Late Fees

The rent shall be considered delinquent if not paid within thirty (30) days of the date rent is due. If the rent becomes delinquent, the TENANT will be charged a late fee equivalent to ten percent (10%) of the delinquent amount for each month rent is delinquent and not paid in full.

C. Proration

In the event this Lease terminates on some other day than the Anniversary Date, the rent paid shall be prorated to reflect the actual period of tenancy.

5. CANCELLATION

DISTRICT shall have the unqualified right to cancel this Lease for flood control purposes only by giving the TENANT one hundred and eighty (180) days' prior written notice. In the event DISTRICT cancels this Lease any pre-paid rent for the period following cancellation shall be refunded to TENANT.

6. FLOOD CONTROL AND WATER CONSERVATION PRIORITY

Use of the Leased Premises by TENANT for those purposes so stated in Article 2 herein shall be subordinate to DISTRICT's use thereof for present and future flood control and/or water conservation purposes as determined by DISTRICT in its reasonable discretion and Tenant's use shall not interfere or conflict with DISTRICT's use.

A. Priority of Leased Premises

1. It is understood by the parties hereto that since construction projects of DISTRICT and others authorized by DISTRICT may be carried on within the Leased

Premises, TENANT, its officers, agents, employees and its contractors, permittees, licensees and their employees shall not unreasonably hinder or delay any of them or their actions.

2. DISTRICT may, when necessary, request TENANT in writing to make required modifications, additions, relocation or removal of TENANT's improvements located within the Leased Premises due to DISTRICT's work for flood control and/or water conservation purposes, when in the reasonable discretion of DISTRICT, such work cannot be accommodated practically or economically with TENANT's existing improvements. TENANT shall be obligated to make such modifications, additions, relocation or removal, and upon its receipt of notice thereof, shall perform such obligations at its expense and shall complete them prior to commencement of DISTRICT's work.

3. Should TENANT fail to make said modifications, additions, relocation or removal within one hundred twenty (120) days from receipt of notice from DISTRICT, DISTRICT may perform the required work and charge TENANT for any and all expenses incurred. TENANT shall reimburse DISTRICT for all costs DISTRICT incurred in making said modifications, additions, relocation or removal together with interest at a rate of ten percent (10%) or five percent (5%) above the Federal Reserve Rate, whichever is greater, but not to exceed the then existing limit in California from the time of such payment by DISTRICT, and said interest shall be compounded on a monthly basis, until said amount owed to DISTRICT is paid in full.

7. RESERVATIONS

A. Reservation for Utility Corridors, Public Transportation, and Recreational Purposes

DISTRICT reserves the right to use the Leased Premises for utilities, public transportation and recreational purposes and to transfer to other governmental agencies or private parties non-exclusive rights to use the Leased Premises for the same, together with incidental rights of construction and installation of facilities, ingress and egress, operation, and maintenance. The exercise of the rights reserved in this Section shall not be inconsistent with TENANT's use or constitute an unreasonable interference therewith. Interruption of TENANT's use, in whole or in part, for reasonable periods of time to permit construction and installation of utilities shall not be deemed an unreasonable interference. TENANT shall be notified at least ninety (90) days prior to the commencement of any such construction or alteration. Rent for that portion affected shall abate in proportion during such periods that TENANT is denied use thereof. None of the utilities or support structures shall be attached to, or built upon, or otherwise unreasonably interfere with TENANT's use without the written approval of TENANT, which shall not be unreasonably withheld.

B. Right of Entry for Inspection, Maintenance Emergencies, etc.

DISTRICT reserves the right of entry by any authorized personnel, employee, contractor, or agent of DISTRICT for the purpose of inspecting the Leased Premises, for any purposes incidental to the rights or duties of DISTRICT, and for the doing of any and all acts, in the protection, maintenance, construction, reconstruction, and operation of DISTRICT's facilities. The right of inspection reserved to DISTRICT shall not impose an obligation on DISTRICT to make inspections to ascertain the condition of the Leased Premises and shall not impose liability upon DISTRICT for failure to make such inspection. In addition thereto, DISTRICT shall have the right, at its discretion, to immediate possession of the Leased Premises for the purpose of preventing sabotage, for the protection of DISTRICT's facilities, and in an emergency situation where lives are endangered or excessive property or environmental damage is threatened.

8. CONSTRUCTION AND ALTERATION

A. Tenant's Right to Construct and Alter Premises

TENANT shall have the right to construct improvements necessary for use of the Leased Premises as provided in this Lease, excluding buildings or permanent structures on the Leased Premises. The work shall not be done or commence until TENANT's preliminary and final plans and specifications for such construction shall have been submitted to and approved by DISTRICT's Chief Engineer or his designees, and in accordance with the terms and conditions contained herein, which approval shall not be unreasonably withheld or delayed. It is understood that such written approval shall not be withheld, unless DISTRICT, at its sole discretion, determines that the proposed work will unreasonably interfere with the operation and maintenance of the Tujunga Wash or any of DISTRICT's other affected properties, the placement of underground utilities and the operation of an underground utility corridor, and any other use authorized by this Lease.

B. Approval of Plans, etc., by DISTRICT as to Compatibility Only

Approval by DISTRICT of any plans and specifications submitted by TENANT shall be as to compatibility with DISTRICT's facilities and shall in no way be interpreted or inferred as an endorsement or approval as to the design or the accuracy, correctness, and authenticity of the information shown thereon. Furthermore, such approval cannot be relied upon for any other purpose or by any third party for any reason whatsoever. TENANT shall also comply with and faithfully observe all applicable requirements, rules, regulations, and ordinances pertaining to the construction of TENANT's improvements on the Leased Premises.

C. Responsibility of TENANT to Obtain Permits

TENANT shall obtain, arrange for, and bear the cost of all permits, including plan check and inspection fees, licenses, environmental impact reports, site preparation,

surface treatment, relocation of facilities of others, and enclosure of the Leased Premises as is necessary or required for health or safety in the operation, maintenance, and use of the Leased Premises by TENANT.

D. Incorporation of Permit by Reference

As a condition of this Lease, TENANT agrees to keep and perform the covenants and conditions contained in any Permit issued or to be issued to TENANT by DISTRICT's Chief Engineer or his designees. In the event of an inconsistency or ambiguity between the terms of the Lease and the Permit, the Lease shall prevail.

9. OWNERSHIP OF IMPROVEMENTS

All improvements, equipment and other improvements constructed, installed or placed on the Leased Premises by TENANT during the term of this Lease shall remain TENANT's property during the term of this Lease. Upon the expiration or sooner termination of this Lease or upon the termination of TENANT's occupancy, all improvements shall become DISTRICT's property and shall be delivered to DISTRICT. However, at DISTRICT's sole option, TENANT shall, at TENANT's expense, remove those TENANT improvements, as determined by DISTRICT, to DISTRICT's satisfaction and leave the Leased Premises in the same condition as existed prior to occupancy except for the remaining improvements. During the term of this Lease such improvements shall constitute additional security for the performance of TENANT's obligations hereunder.

10. REPAIRS AND MAINTENANCE

A. Tenant's Maintenance Obligations

TENANT, at its own cost and expense, shall maintain the Leased Premises, including but not limited to all landscaping and improvements constructed thereon, in good repair, free of weed, rubbish, and refuse, and in compliance with all requirements of law. TENANT shall take reasonable steps necessary to effectively protect all existing DISTRICT owned improvements and property from damage and prevent any interference with the flow of water in the adjoining channel caused by TENANT's use of such land and improvements, all without expense to DISTRICT. TENANT shall be liable for damage to all existing DISTRICT owned improvements resulting in any way from or attributable to the use and occupancy of the Leased Premises by TENANT or any person entering upon the same with or without the consent of TENANT, expressed or implied. TENANT shall repair immediately said damage at no cost to DISTRICT. If TENANT fails to repair said damages or remove damaged improvements immediately and to DISTRICT's reasonable satisfaction, DISTRICT may enter onto the Leased Premises with or without any notice and repair said damages. TENANT shall then reimburse DISTRICT of any expenses incurred together with interest at a rate of ten percent (10%) per annum or five percent (5%) per annum above the Federal Reserve discount rate, whichever is greater, but not to exceed the then existing legal limit in California as of the

date of demand by DISTRICT, and such interest shall compound on a monthly basis until said amount owed to DISTRICT is paid in full.

B. Compliance With Laws

DISTRICT shall not be obligated to make any repairs, alterations, additions or improvements in, on or to the Leased Premises or in, on or to any structure or other improvements hereinafter erected or installed thereon, by TENANT, whether structural or nonstructural, ordinary or extraordinary, foreseen or unforeseen. TENANT shall otherwise observe and comply with any and all public laws, ordinances and regulations applicable to the Leased Premises during the term of this Lease. TENANT shall indemnify, defend and hold harmless DISTRICT against all actions, claims and damages caused by TENANT's failure to perform the terms hereof, or TENANT's nonobservance or nonperformance of any law, ordinance or regulation applicable thereto.

11. TAXES AND ASSESSMENTS

A. Payment of Taxes

TENANT shall have sole responsibility to pay promptly without abatement, deduction, or offset, any personal property taxes, real property taxes, rental taxes, excise taxes, business and occupation taxes and all general and special assessments or taxes or charges of any kind or nature whatsoever (hereinafter referred to as "taxes") levied or assessed against the Leased Premises, TENANT's operations on the Leased Premises, or against TENANT's possessory interest by any governmental entity. This Lease may create a possessory interest subject to property taxation and TENANT may be subject to payment of a property tax levied on such interest and agrees to pay any property tax levied on such interest. If notice of any such taxes is received by DISTRICT from a governmental agency or from any other persons or entity, DISTRICT shall communicate such notice to TENANT; however, DISTRICT's failure to communicate such notice shall not impose liability on DISTRICT for the taxes.

B. Commencement and Expiration

All taxes and assessments against the Leased Premises during the first and last tax fiscal years of this Lease shall be prorated between DISTRICT and TENANT. TENANT shall have no obligation for payment of installments of taxes or assessments which become due before the commencement of the term of this Lease or which may accrue after the expiration or sooner termination of this Lease.

C. Fees

In the event that during the term of this Lease there is an imposition placed upon DISTRICT by any governmental agency, city, state, or federal, the requirement to obtain a license for the renting or leasing of real property or any interest therein measured in whole or in part upon the sums received by DISTRICT from TENANT under this Lease,

TENANT shall either pay directly on behalf of DISTRICT or at DISTRICT's request, reimburse DISTRICT for any sums paid by DISTRICT the sums which would be due and payable if only the subject Lease were the basis of the fee.

D. Payment by District

In the event TENANT fails to pay such taxes or assessments or fees, after fifteen (15) days from receipt of notice by TENANT, DISTRICT may, at its option, pay any such taxes or assessments together with all penalties and interest which may have been added thereto by reason of any such delinquency or default, and may likewise redeem the Leased Premises or any part thereof, from any tax sale or sales. Any such amounts so paid by DISTRICT shall become due and payable within fifteen (15) days of receipt of notice by TENANT from DISTRICT, together with interest at the rate of ten percent (10%) per annum or five percent (5%) per annum above the Federal Reserve discount rate, whichever is greater, but not to exceed the then existing legal limit in California as of the date of demand by DISTRICT, and such interest shall be compounded on a monthly basis until the amount owed to DISTRICT is paid in full.

12. UTILITIES

TENANT agrees to pay when due all charges for the use of the sewer and effluent treatment, when and if imposed by any governmental authority, all water, sprinkler standby charges, electricity, gas, and other lighting, heating, and power and other utility rents and charges accruing or payable in connection with the Leased Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are prorated or measured by separate meters.

13. SURETY BONDS

On each occasion TENANT constructs, reconstructs or demolishes any improvements upon the Leased Premises, TENANT shall at its own cost and expense furnish DISTRICT two (2) separate corporate surety bonds, in all respects satisfactory to DISTRICT as follows:

A. Performance Bond

Within ten (10) days prior to commencement of any construction, reconstruction, or demolition in excess of \$50,000, TENANT shall furnish a corporate surety "Performance Bond", issued by a surety company licensed to transact business in the State of California, in an amount equal to one hundred fifteen percent (115%) of the contract price of such construction, reconstruction, or demolition. Said bond and said company to be in all respects satisfactory to DISTRICT, naming TENANT as principal, said company as surety, and DISTRICT as obligee, to assure full and satisfactory performance by TENANT of TENANT's construction and installment or removal of improvements.

B. Payment Bond

Within ten (10) days prior to commencement of any construction, reconstruction or demolition hereunder in excess of \$50,000, TENANT shall furnish a corporate surety "Payment Bond" (Material and Labor Bond), issued by a surety company licensed to transact business in the State of California, with TENANT as principal, said company as surety, and DISTRICT as obligee, in a sum equal to one hundred fifteen percent (115%) of the aforesaid contract price of such construction, reconstruction, or demolition, guaranteeing payment for all material, provisions, supplies and equipment, used in, upon, for or about the performance of said construction work or for labor done thereon of any kind whatsoever and protecting DISTRICT from any and all liability, loss or damages arising from failure to make such payment.

14. LIENS AND CLAIMS

TENANT agrees to keep the Leased Premises and the improvements hereinafter erected or placed thereon, and every part thereof and any and every estate, right, title, and interest therein, at all times during the term of this Lease, free and clear of mechanic's liens and other liens for labor, service, supplies, equipment, and materials. TENANT will at all times fully pay and discharge and wholly protect, defend and hold harmless DISTRICT and all and every part of the estate, right, title, and interest of DISTRICT in and to all and every part of said land and the Leased Premises and such improvements, or any of them, against: (a) any and all demands or claims which may or could ripen into such liens or labor claims; (b) all attorney's fees and costs, and; (c) any and all expenses, damages, or outlays which may or might be incurred by DISTRICT or TENANT by reason of, or on account of any such liens or claims or the assertion thereof. If any lien shall be filed, or if any suit, action or proceeding shall be commenced, affecting the Leased Premises or improvements thereon, TENANT shall immediately, upon obtaining information thereof, give notice in writing to DISTRICT. Should TENANT allow a final judgment of foreclosure of any mechanic's lien, or any other judgment arising out of any claim or demand in connection with any construction or improvements made upon said property to remain unsatisfied for more than a period of ten (10) days, DISTRICT may, at its option, pay, adjust or compromise any and all such claims or demands and TENANT covenants and agrees to pay to DISTRICT all such sums incurred or expended by DISTRICT, including all reasonable attorney's fees, with interest at the rate of ten percent (10%) or five percent (5%) above the Federal Reserve discount rate, whichever is greater but not to exceed the then existing legal limit in California from the time of such payment by DISTRICT, and said interest shall be compounded on a monthly basis until the amount owed to DISTRICT is paid in full.

DISTRICT shall have the right to post, record, and maintain on the Leased Premises such Notices of Nonresponsibility as provided for under the laws of the State of California.

Notwithstanding anything to the contrary herein contained, if TENANT shall in good faith contest the validity of any lien, claim, or demand, then TENANT shall, at its

expense, defend itself and DISTRICT against the same and shall pay and satisfy any final adverse judgment that may be rendered therein before the enforcement thereof against DISTRICT or the Leased Premises. TENANT shall name DISTRICT as additional obligee under any surety bond furnished in the contest proceedings.

15. INSURANCE AND INDEMNITY

A. Indemnity

TENANT agrees to indemnify, defend and hold harmless DISTRICT, its governing board, officers, employees, engineers, contractors, or agents against any claims of any nature whatsoever, arising from or in connection with the construction, reconstruction, maintenance and operation of the Leased Premises or subsequent use of the Leased Premises created thereon by TENANT. In addition, DISTRICT shall not be liable, at any time, for any loss to the Leased Premises operation; any injury, loss, death to any person whomsoever; any damage or destruction to the Leased Premises, at any time, occasioned by or arising out of, indirectly, solely, or contributorily by (a) any act, activity or omission of TENANT or of anyone holding under TENANT, or (b) the occupancy or use of the Leased Premises or any party thereof, by or under TENANT, or (c) any state or condition of the Leased Premises or any part thereof, or (d) the active as well as passive negligence or omission of DISTRICT, its governing board, officers, employees, engineers, contractors, or agents.

TENANT releases DISTRICT and waives all right to damages for any loss, costs, or expenses TENANT may sustain as a result of damage to or destruction of TENANT's facilities attributable to DISTRICT's flood control or water conservation function or flooding caused by inadequacy or failure of DISTRICT's facilities.

B. Insurance

TENANT agrees:

1. To procure and maintain a policy of comprehensive general liability insurance with a good and solvent insurance company or companies for the mutual benefit of DISTRICT and TENANT, such insurance to afford primary protection for each occurrence to limits of not less than Five Million Dollars (\$5,000,000). DISTRICT shall be named as an additional insured on said policy.

If DISTRICT deems in the exercise of its sound business judgment that at any time the above required limits are insufficient, DISTRICT shall in good faith endeavor to agree upon a reasonable amount that will afford DISTRICT protection that is at least equivalent in purchasing power, in view of inflation and other factors, to the Five Million Dollars (\$5,000,000) limit as of the date of the execution of this Lease.

2. To procure and maintain, or cause to be procured and maintained, a policy or policies, of fire, lightning, vandalism, malicious mischief, and extended coverage

insurance covering any and all improvements that may be placed or constructed on the Leased Premises by TENANT. Such insurance shall be in an amount at least equal to one hundred percent (100%) of the full replacement value of said improvements. TENANT agrees to reevaluate coverage at one (1) year intervals and to increase said coverage if it shall then be less than one hundred percent (100%) of the then full replacement value.

3. To deliver to DISTRICT, within ten (10) days prior to commencement of the Lease, a copy of the insurance policy procured by TENANT under the terms hereof.

4. That said policies insuring against fire or other casualty shall be carried in favor of DISTRICT and TENANT as their respective interests may appear and shall include the interest of the holder of any mortgage (as hereinafter defined) executed by TENANT in connection with the obtaining of any interim or permanent financing, and said policies shall provide that any loss is payable jointly to DISTRICT and TENANT and the holder, if any, of such mortgage of the leasehold, and in such event, such policies shall contain standard mortgage or deed of trust loss payable clauses.

5. To pay any and all premiums or other expenses arising in connection with the furnishing of the insurance by TENANT as herein provided.

6. That all insurance policies shall contain a provision that said policies shall not be canceled or terminated without thirty (30) days prior written notice from the insurance company to DISTRICT; and that on or before ten (10) days' prior to the expiration of any insurance policy, TENANT will either deliver to DISTRICT written notification in the form of a receipt or other similar document from the applicable insurance company that said policy or policies have been renewed, or deliver a copy of the insurance policy from another good and solvent insurance company for such coverage.

7. TENANT shall procure an appropriate clause, or an endorsement on, any policy of fire, lightning, vandalism, malicious mischief, earthquake or extended coverage insurance covering the Leased Premises and any improvement located thereon, and the personal property, fixtures and equipment located in or on the Leased Premises, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery against DISTRICT, and TENANT does hereby agree that it shall not make any claim against or seek to recover from DISTRICT any loss or damage to TENANT's property or the property of others, resulting from fire or other hazards covered by such fire and extended coverage insurance.

C. Right of District to Insure

In the event TENANT shall neglect or fail for any reason to insure and keep insured or caused to be insured the improvements on the Leased Premises as required by this Lease, or to pay the premiums therefor, DISTRICT may, at DISTRICT's option, procure or renew such insurance and pay the premiums thereon. Any amount paid for

insurance by DISTRICT shall become immediately due and payable by TENANT to DISTRICT. DISTRICT shall not be required to carry any public liability, public damage or extended coverage insurance on any improvements on the Leased Premises.

D. Uninsured Casualty

At any time during the term hereof should there be destruction or damage to all or any part of the improvements on the Leased Premises caused by an uninsured casualty, TENANT shall have no obligation to rebuild such improvements. Should TENANT elect to terminate this Lease pursuant to the provisions herein, TENANT shall give DISTRICT ninety (90) days' written notice of its election to terminate. TENANT at its own expense shall remove all improvements on the Leased Premises and repair any damage to DISTRICT's improvements and restore the Leased Premises to DISTRICT's satisfaction. In no event shall TENANT leave partially or totally destroyed improvements on the Leased Premises.

E. Effect of Destruction

Destruction of improvements upon the Leased Premises shall not effect an abatement or reduction in rent except in the event of termination as provided in Section 15D above.

16. ASSIGNMENT AND SUBLEASING

A. Assignment

Except as otherwise provided for herein, TENANT shall not assign this Lease, or any interest herein; the Leased Premises, or any part hereof, or any right or privilege appurtenant thereto, without first obtaining the written consent of DISTRICT's Chief Engineer or his designee. The assignee shall agree in writing to be bound by the covenants, conditions, and agreements contained herein, and a copy of any such agreement shall be furnished to DISTRICT prior to the effective date thereof. DISTRICT agrees that such consent shall not be unreasonably or arbitrarily refused. DISTRICT's consent to one assignment shall not be a consent to any subsequent assignment by another party or person. Any unauthorized assignment shall be voidable and shall terminate this Lease at DISTRICT's option. The charge for an assignment shall be TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500). DISTRICT reserves the right to increase the charge for an assignment based on its current policies at the time of the assignment.

Neither this Lease nor any interest herein shall be assignable or transferable in a proceeding in attachment, garnishment, or execution against TENANT, or voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken against TENANT. Possession of the whole or any part of the Leased Premises shall not be divested from TENANT in such proceedings without the written consent of DISTRICT.

Any breach of the provisions of this Section shall cause this Lease to terminate immediately at the option of DISTRICT.

B. Subleasing

TENANT shall have the right to sublease any portion of the Leased Premises upon written consent of DISTRICT. Each sublease entered into by TENANT with respect to the Leased Premises shall comply with the provisions of this Lease Agreement. TENANT shall continue to be liable for the performance of all of the terms, covenants and conditions of this Lease Agreement, including, but not limited to, the payment of rent and other charges.

Any sublease shall be subject and subordinate to this Lease Agreement, and sublessee will attorn to DISTRICT as a tenant at sufferance in the event of the termination of this Lease Agreement.

DISTRICT shall receive within thirty (30) days of receipt of rent by TENANT from any and all subleases, twenty-five percent (25%) of the difference between the rent paid by TENANT to DISTRICT and the rent received by TENANT from any and all subtenants. TENANT shall provide DISTRICT with a copy of all leases with subtenants.

17. BANKRUPTCY OR INSOLVENCY

If, during the term of this Lease: (a) a petition to have TENANT adjudged bankrupt or a petition for reorganization, arrangement, or for relief under the Bankruptcy Act as now in force or hereafter amended, be filed by TENANT, or be filed against TENANT, and if so filed against TENANT, not be dismissed within sixty (60) days from the date of such filing; (b) in any judicial action or proceeding pursuant to any composition of creditors, a receiver or other officer or agent (including TENANT as a debtor in possession) be appointed to take charge of the Leased Premises or the business conducted therein, and not removed within sixty (60) days of the occurrence; any such contingencies shall be deemed to constitute and shall be construed as a repudiation of the obligations of TENANT and a breach of this Lease.

TENANT expressly agrees that DISTRICT may at its election terminate this Lease in the event of the occurrence of any of the contingencies herein above described by giving not less than thirty (30) days' notice to TENANT, and when so terminated, DISTRICT may reenter the Leased Premises and relet to another.

18. NO SUBORDINATION; MORTGAGE AND ENCUMBRANCE OF
LEASEHOLD ESTATE

DISTRICT will not subordinate its fee interest in the Leased Premises to any lien or encumbrance created by TENANT.

19. CONDEMNATION

A. Total Take

If the entire Leased Premises or any portion thereof shall be taken by condemnation or other proceedings pursuant to law, or sold in avoidance of such condemnation or other proceedings, which is sufficient to render the remaining portion thereof unsuitable for use by TENANT in the sole judgment of TENANT (each of which is hereinafter in this Section referred to as a "taking"), then TENANT shall give notice to DISTRICT of its intention to terminate this Lease on any date after such taking, but not more than ninety (90) days thereafter, and this Lease shall thereupon terminate as of this date. In the event the Lease is terminated as a result of such taking, the award, settlement or payment resulting from such taking (including any award, settlement or payment as compensation by way of severance damage suffered by such portion of the Leased Premises as may not be taken), shall be distributed between the parties hereto as follows:

1. TENANT shall participate in such award, settlement or payment so as to be compensated for the loss to the depreciated market value of improvements on the Leased Premises, through the twentieth (20th) year of this Lease, after which date, the TENANT shall not be entitled to receive any award, settlement, or payment.

2. The complete residue of said award, settlement or payment shall be awarded to DISTRICT.

B. Partial Take

If a lesser portion of the Leased Premises not giving rise to the termination of this Lease shall be taken, this Lease shall nonetheless continue in full force and effect. TENANT shall promptly repair any damage caused by any such taking to the improvements on the Leased Premises, including such repairs to said improvements as may be necessitated by the partial taking thereof. In the event of such lesser taking by condemnation or otherwise, not resulting in a termination of this Lease, the award, settlement or payment for such taking shall be divided between the parties hereto as follows:

1. TENANT shall participate in such award, settlement, or payment so as to be compensated for the portion of TENANT's improvements on the Leased Premises taken, the cost of repair of TENANT's improvements remaining on the Leased Premises and not taken, the damage suffered by the improvements on the Leased Premises by virtue of the taking of a portion thereof and the depreciation to and cost of removal of TENANT's improvements on the Leased Premises, through the twentieth (20th) year of the Lease. After the twentieth (20th) year, the TENANT will not be entitled to receive any award, settlement, or payment.

2. The residue of such award, settlement, or payment shall be awarded to DISTRICT.

3. In the event of such lesser taking not giving rise to termination of this Lease, the rent payable by TENANT to DISTRICT hereunder after such taking shall be reduced by an amount equal to the product of the multiplication of the rent payable at the time of such taking by a fraction, the numerator of which shall be the number of square feet so taken and the denominator of which shall be the total number of square feet of the Leased Premises existing immediately prior to such taking. Such reduction in rent shall be effective as of the date of such taking.

C. Temporary Take

If the use or occupancy of the Leased Premises or any part thereof shall be temporarily requisitioned by any governmental authority, civil or military, this Lease shall nonetheless continue in full force and effect, and TENANT shall promptly repair any damage caused by any such taking or requisition to the improvements on the Leased Premises, including such repairs to said improvements as may be necessitated by the partial taking thereof. In the event of such temporary requisition, the rent payable to DISTRICT shall be calculated by the method referenced in Section 19B above.

This Section shall apply only to condemnation or other proceedings or sales in avoidance of condemnation which are instituted by a public agency other than DISTRICT.

20. DEFAULT

Any and all of the following actions shall constitute an event of default under this Lease on the part of TENANT:

- Failure to pay any installment of rent when due after any applicable cure period.
- Failure to pay any other monies due DISTRICT.
- Failure to pay any insurance premiums, liens, claims, demands, judgments, or other charges provided in this Lease to be paid or caused to be paid by TENANT at the time and in the manner herein provided.
- TENANT maintaining, committing or permitting the maintenance or commission of a nuisance upon the Leased Premises or using the same for an unlawful purpose.
- Failure to repair or maintain the Leased Premises or cause the same to be repaired or maintained as provided in this Lease.

- Failure to perform or a breach of any other covenant, condition or restriction provided in this Lease to be kept or performed within THIRTY (30) days after receipt of notice by TENANT, TENANT's lender or TENANT's assignees.

21. REMEDIES FOR DEFAULT

Upon TENANT's default, in addition to any other remedies available by operation of law, DISTRICT shall have the non-exclusive right, at its sole election, to pursue any or all of the following remedies:

A. To notify TENANT in writing identifying the event of default and allowing a reasonable period of time for TENANT to cure such default. This notice may be accompanied by a notice of termination, setting a date for termination of the Lease in the event the default is not cured within the time granted. Such notice of termination may not set a date for termination of the Lease of less than thirty (30) days from the date notice is given.

B. To enter and take possession of the Leased Premises, without terminating this Lease and take any action necessary to preserve or maintain the Leased Premises and rent the Leased Premises at the best price obtainable by reasonable effort and for any term and on such conditions as DISTRICT deems proper. Upon each such reletting, all rentals received by DISTRICT shall be applied first to the payment of any indebtedness other than rent due hereunder from TENANT to DISTRICT; second, to the payment of any loss and expense of such reletting, including administrative fees and costs of any alterations or repairs; third, to the payment of rent due and unpaid hereunder; and the residues if any, shall be held by DISTRICT and applied in payment of future rent as the same may become due and payable hereunder. TENANT shall remain liable to DISTRICT for the deficiency, if any, between TENANT's rent hereunder and rent obtained by DISTRICT on reletting.

C. To terminate this Lease upon thirty (30) days by written notice, and to enter into and upon the Leased Premises and take possession of the same. Upon termination of this Lease, in addition to any other remedies DISTRICT may have at law, in equity or under this Lease, DISTRICT may recover without limitation, any unpaid rent and charges equivalent to rent having accrued, plus interest, all costs associated with recovering and/or reletting the Leased Premises, all costs associated with performing TENANT's obligations hereunder, and the worth at the time of such termination of all rent and charges equivalent to rent lost over the remainder of the term.

D. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to DISTRICT hereunder or of any damages accruing to DISTRICT by reason of the violation of any of the terms, provisions and covenants herein contained. Forbearance by DISTRICT to enforce one or more of the remedies herein provided upon an event of

default shall not be deemed or construed to constitute a waiver of any of DISTRICT's rights hereunder.

22. SALE OF LEASED PREMISES BY DISTRICT

In the event of any sale of the Leased Premises by DISTRICT, DISTRICT shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and unaccrued obligations contained in or derived from this Lease arising out of any act, occurrence or omission after the consummation of such sale; provided that the purchaser at such sale of the Leased Premises, shall in writing covenant to and with TENANT to carry out any and all of the covenants and obligations of DISTRICT under this Lease.

23. HAZARDOUS SUBSTANCES

A. Definition

For purposes of this Lease, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

- Substances which require investigation or remediation under any Federal, State or Local statute, regulation, ordinance, order action, policy or common law;
- That which is or becomes defined as "hazardous waste", "hazardous substances", pollutant or contaminant under any Federal, State or Local statute, regulation, ordinance or amendment thereto, including without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and/or the Resource Conservation and Recovery Act (RCRA);
- That which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or likewise hazardous and is or may become regulated by any governmental authority, agency, department, commission, board of instrumentality of the United States, the State of California or any political subdivision thereof;
- Substances, present on or about the Leased Premises which cause or threaten to cause a nuisance thereupon or to adjacent properties or pose or threaten to pose a hazard to the health or safety of persons on or about such property;
- Without limitation, substances containing gasoline, diesel fuel or other petroleum hydrocarbon;

- Without limitation, substances containing polychlorinated bipheynols (PCBs), asbestos or urea formaldehyde foam insulation.

B. Warranties and Representatives

1. TENANT hereby warrants and represents that it will not cause the presence, use, storage or disposal of any hazardous substances on or about the Leased Premises without the prior written consent of DISTRICT.

2. TENANT hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Leased Premises.

C. Damage/Spillage

1. In the event of spillage, leakage, or escape ("release") of any hazardous substances for any reason, TENANT shall immediately notify DISTRICT at (800) 675-4357, and make necessary repairs and erect necessary restraints and impoundments to prevent discharge into any property, channel, ocean, drainage system, or underground reservoirs. TENANT shall also promptly remove any and all hazardous substances that may have leaked, spilled or escaped and restore the Leased Premises and all other affected properties and/or facilities to their former condition or equivalent to the DISTRICT's satisfaction.

2. TENANT further agrees that no pollutants or water carried pollutants shall be discharged into DISTRICT's property, channel, underground reservoir, drainage system or the ocean unless the TENANT receives written approval by DISTRICT. In the event such pollutants are inadvertently discharged into any such system, TENANT shall immediately notify DISTRICT by telephone and take the appropriate action to prevent further such discharge.

3. In addition to removing any hazardous substances, TENANT shall be liable for and reimburse DISTRICT for any and all costs and expenses that DISTRICT may incur or suffer by reason of the escape of such substances from TENANT'S improvement(s). Such responsibility shall include costs or expenses as DISTRICT may incur by reason of Federal, State, DISTRICT, local or other authoritative agency's laws and regulations.

D. Notice

TENANT agrees to immediately notify DISTRICT at (800) 675-4357 when hazardous substances have been released on the Leased Premises.

E. Indemnity

TENANT agrees to indemnify, defend and save harmless DISTRICT, from and against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of hazardous substances on the Leased Premises which is caused by TENANT's or TENANT's invitees' use of the property or TENANT's subtenants negligence.

F. Default

The presence or release of hazardous substances on the Leased Premises by TENANT or TENANT's subtenants or through the fault of one of them, shall constitute an event of default.

G. Survival

The provisions, warranties and representations set forth in this Section shall survive the termination of this Lease without limiting the survival of any other provisions of this Lease.

24. ESTOPPEL CERTIFICATES

DISTRICT and TENANT shall, respectively, at any time upon not less than ten (10) days' prior written request by the other, deliver to the requesting party an executed and acknowledged statement in writing certifying (1) that this Lease is unmodified and in full force and effect (or if there have been any modification(s) thereof that the same is in full force and effect as modified, and stating the nature of the modification or modifications), (2) that to its knowledge the requesting party is not in default under this Lease (or if any such default exists, the specific nature and extent thereof), and (3) the date to which rent and other charges have been paid in advance, if any. Each certificate delivered pursuant to this Section may be relied upon by any prospective purchaser or transferee of the Leased Premises or of DISTRICT's or TENANT's interest hereunder or by any fee or leasehold mortgagee of the Leased Premises or of DISTRICT's or TENANT's interest hereunder or by any assignee of any such mortgage.

25. JOINDER IN INSTRUMENTS; LOT SPLIT, ZONING

Upon request of the other, DISTRICT at its discretion and TENANT shall promptly join in any instruments of conveyance, dedication, grant of easement or license, or other instrument as shall be reasonably necessary or convenient to provide public utility service and/or public roadway access to the Leased Premises or any portion or portions thereof or to obtain proper zoning, lot splits, etc., covering the Leased Premises. DISTRICT shall not be required to incur any cost or expense by virtue of the provisions of this Section.

26. EXCUSABLE DELAYS

If either party is delayed, prevented or hindered from the performance of any covenant or condition of this Lease because of acts of the other party, acts of God, action of the elements, war, invasion, insurrection, acts of a public enemy, riot, mob, violence, civil commotion, sabotage, labor disputes, inability to procure or general shortage of labor, materials, facilities, equipment or supplies on the open market, failure of or delay in transportation, laws, rules, regulations or any other cause beyond the reasonable control of the party so obligated, whether similar or dissimilar to the foregoing, financial inability excepted, such performance shall be excused for the period of the delay (and the period for such performance shall be extended for a period equivalent to the period of such delay). Nothing herein, however, shall excuse TENANT from its legal obligation to pay rent hereunder.

27. NON-DISCRIMINATION

A. Use of Leased Premises

TENANT doing business with any person, club, business, contractor or organization involved on the Leased Premises, agrees that in the use of the Leased Premises, persons shall not be denied or selected because of race, ancestry, religion, national origin or sex, and shall be in compliance with all Federal and State laws prohibiting discrimination including, but not limited to, the Federal Civil Rights Act of 1964; the Unruh Civil Rights Act; the Cartwright Act; and the State Fair Employment Practices Act.

B. Employees

TENANT agrees that all persons employed thereby shall be treated equally without regard to or because of race, ancestry, religion, national origin or sex, and in compliance with all Federal and State laws prohibiting discrimination in employment, including, but not limited to, the Federal Civil Rights Act of 1964; the Unruh Civil Rights Act; the Cartwright Act; and the State Fair Employment Practices Act.

C. Sub-Contractors

TENANT agrees that subcontractors, bidders and vendors thereof are and shall be selected without regard to or because of race, ancestry, religion, national origin or sex.

D. Records

All employment and rental records shall be open for inspection and reinspection at any reasonable time during the term of this Lease for the purpose of verifying the practice on non-discrimination by TENANT in the areas heretofore described.

E. Breach

The breach of the promises of non-discrimination shall constitute an event of default.

28. QUIET ENJOYMENT

DISTRICT covenants that TENANT upon timely and properly performing its obligations herein shall have the quiet and undisturbed possession of the Leased Premises by DISTRICT throughout the term of this Lease.

29. COUNTY LOBBYIST

TENANT shall be familiar with and adhere to Los Angeles County Code Section 2.160.010, County Lobbyist. Each County Lobbyist as defined by Los Angeles County Code Section 2.160.010, retained by TENANT and/or TENANT's representative or agent shall fully comply with provisions set forth therein. Failure on the part of TENANT or TENANT's representative or agent to fully comply with said County Code shall constitute a material breach of this Lease upon which the DISTRICT may immediately suspend or terminate this Lease.

30. MISCELLANEOUS

A. Payments and Notices

Any notice to be given or other document to be delivered by either party to the other hereunder may be delivered in person to either party or by private courier or may be deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed to the party for whom intended as follows:

To DISTRICT:	Los Angeles County Flood Control District P.O. Box 1460 900 South Fremont Avenue Alhambra, CA 91802-1460 Attention: Mapping & Property Management Division
To TENANT:	12729 Riverside, LLC c/o PCS Development , Inc. 11859 Wilshire Boulevard, Suite 600 Los Angeles, CA 90025

Either party hereto may by written notice to the other party designate a different address which shall be substituted for the one above specified, except that TENANT shall always provide a California address. If any notice or other document is sent by registered

or certified mail, as aforesaid, the same shall be deemed served or delivered twenty-four (24) hours after the mailing therefore as above provided.

B. Attorney's Fees

The prevailing party in any action to enforce this Lease shall be entitled to reasonable attorney's fees and costs for any breach and any arbitration, excepting arbitration pertaining to rent.

C. Waiver

No waiver by either party of any breach by the other party of any term, covenant or condition of this Lease shall be deemed a waiver of any other breach of the same or any other term, covenant or condition of the Lease, and the payment or acceptance of rent hereunder shall not be deemed a waiver of any breach of any term, covenant or condition of this Lease.

D. Holding Over

If TENANT shall hold over the Leased Premises after the expiration of the terms hereof with the consent of DISTRICT, either expressed or implied, such holding over shall be construed to be a month-to-month tenancy only, subject to all the covenants, conditions and obligations hereof, and TENANT hereby agrees to pay in accordance to DISTRICT the rental at a rate equal to double the sum of the annual rent paid by TENANT during the last year of tenancy, prorated on a monthly basis provided, however, that nothing herein contained shall be construed to give TENANT any rights to so hold over and to continue in possession of the Leased Premises after the expiration of the terms hereof.

E. Lease Binding Upon Successors and Assigns

Subject to the limitations on assignment, each of the terms, covenants and conditions of this Lease extend to, bind on and inure to the benefit of not only DISTRICT and TENANT, but each of their successors and assigns. Whenever reference is made to either DISTRICT or TENANT in this Lease, the reference shall be deemed to include, wherever applicable, the successors and assigns of such parties the same as if in every case expressed.

F. Covenants

All provisions of this Lease, whether covenants or conditions on the part of TENANT or DISTRICT, shall be deemed to be both covenants and conditions.

G. Negation of Partnership

Nothing in this Lease shall be construed to render DISTRICT in any way or for any purpose a partner, joint venturer, or associate in any relationship with TENANT other than that of DISTRICT and TENANT, nor shall this Lease be construed to authorize either to act as agent for the other except as expressly provided in this Lease.

H. Quitclaim

At the expiration or earlier termination of this Lease, TENANT shall execute, acknowledge and deliver to DISTRICT within ten (10) days after written demand from DISTRICT to TENANT, any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the title of the real property subject to this Lease.

I. Number and Gender

Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporation, firm or association. If there is more than one TENANT, the obligations imposed under this Lease upon TENANT shall be joint and several.

J. Headings and Titles

The marginal headings or titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

K. Compliance with Governmental Regulations

TENANT shall, at its own cost and expense, promptly and properly observe, comply with and execute, including the making of any alteration, addition or change to the Leased Premises, all present and future orders, regulations, directions, rules, laws, ordinances and requirements of all governmental authorities (including but not limited to state, municipal, county and federal governments and their departments, bureaus, boards and officials), arising from the use or occupancy of, or applicable to, the Leased Premises, or the franchises, or privileges appurtenant to or connected with the enjoyment of the Leased Premises. TENANT shall have the right to contest or review, by legal procedure or in such other manner as TENANT may deem suitable, at its own expense, any such order, regulation, direction, rule, law, ordinance or requirement and if able, may have the same canceled, removed, revoked or modified, provided that DISTRICT is not subjected to a criminal prosecution and that DISTRICT's title to the Leased Premises is not subject to forfeiture, and TENANT hereby agrees to indemnify, defend and hold DISTRICT harmless from and against any civil liability as a result of any such contest of review. Any such proceedings shall be conducted promptly and shall include, if

TENANT so decides, appropriate appeals. Whenever requirements become absolute after a contest, TENANT shall diligently comply with the same or so much thereof as shall have been judicially sustained.

L. Acknowledgment of Ineligibility for Relocation Assistance

TENANT expressly acknowledges that TENANT is a post-acquisition TENANT, and termination by reasons of an exercise of the rights herein reserved to DISTRICT, breach of the Lease terms by TENANT, expiration of the term hereof, or termination for any other reason shall not entitle TENANT to a claim of status as a "displaced persons" as such is defined in Section 7260(b)(c)(d) of the Government Code of the State of California. Tenant hereby disclaims such status and hereby acknowledges its ineligibility for relocation assistance as provided in Government Code Sections 7260 through 7277, as it exists or as it may be amended.

M. Storage of Materials

TENANT shall not use the Leased Premises for the temporary or permanent storage of excavated materials, rock, sand, cement, or other material or any equipment except as specifically approved in writing from DISTRICT.

N. Entire Agreement

This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other previous agreement, statement or promise made by any party hereto which is not contained herein shall be binding or valid, unless in writing and properly executed by both parties.

O. Recordation of Lease

This Lease or a Memorandum of Lease shall be properly acknowledged by the parties in recordable form and may be recorded. As a condition precedent to allowing the recordation, the costs of all documentary transfer taxes computed on the full value of property conveyed, by the office of the Registrar-Recorder of Los Angeles County, California, of this Lease shall be paid by TENANT.

P. Warranties

1. No Warranty of Title

DISTRICT makes no warranties as to whether the Leased Premises delivered to TENANT are free and clear of any claims, obligations, mortgages, tax assessments, liens and encumbrances. TENANT may, at its sole cost and expense, procure a policy of title insurance.

2. No Warranty of Soil

DISTRICT makes no covenants or warranties with respect to the condition of the soil, subsoil or any other condition of the Leased Premises either as existing, or as may be discovered by specific tests within the Leased Premises.

3. No Warranty of Use

DISTRICT makes no representations or covenants or warranties with respect to TENANT'S proposed or actual use of the Leased Premises or improvements thereon.

Q. Memorandum of Lease

Upon full execution and delivery of this Lease, DISTRICT and TENANT shall cause a memorandum of this Lease to be recorded against the Lease of Premises substantially in the form attached hereto as Exhibit "C."

IN WITNESS WHEREOF, the said LOS ANGELES COUNG FLOOD CONTROL DISTRICT, a body corporate and politic, by order of its Board of Supervisors, has caused this Lease to be subscribed by the Chair of the Board and the seal of said DISTRICT to be affixed hereto and attested by its Executive Officer of the Board of Supervisors and the TENANT has hereunto subscribed their name(s) herein.

“DISTRICT”

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT,
a body corporate and politic

By: _____
Chair, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer
of the Board of Supervisors
of the County of Los Angeles

By: _____
Deputy

Date: _____

APPROVED as to form

LLOYD W. PELLMAN, County Counsel

By _____
Deputy

“TENANT”

12729 RIVERSIDE, LLC,
a California limited liability company

By: PCS Properties, LLC,
A California limited liability company, sole member

By: _____
Joseph Fryzer, member

By: _____
Paul S. Jennings, member

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On January 6, 1987, the Board of Supervisors for the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts adopted a resolution pursuant to Section 25103 of the Government Code which authorized the use of facsimile signatures of the Chair of the Board on all papers, documents, or instruments requiring his/her signature.

The undersigned hereby certifies that on this _____ day of _____, 20_____, the facsimile signature of _____, Chair of the Board of Supervisors of the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT was affixed hereto as the official execution of this document. The undersigned further certifies that on this date, a copy of the document was delivered to the Chair of the Board of Supervisors of the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT.

In witness whereof, I have also hereunto set my hand and affixed my official seal the day and year above written.

VIOLET VARONA-LUKENS,
Executive Officer
of the Board of Supervisors
of the County of Los Angeles

By _____
Deputy

(LACFCD-SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2003, before me, _____, a Notary Public of the State of California, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)

Notary Public

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2003, before me, _____, a Notary Public of the State of California, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)

Notary Public

TUJUNGA WASH 58½L
Also affects: Parcels No. 60L, 772L, 773L, 774L,
775L, 780L, 781L, and 786L
C.I. 54
11-RW 23.1 and 24.1
S.D. 3
T.G. 562 (E3-F3)

DESCRIPTION
(Lease purposes)

PARCEL NO. 58½L:

That portion of Lot 15, Tract No. 1337, as shown on map recorded in Book 20, pages 62 and 63, of Maps, in the office of the Recorder of the County of Los Angeles, within the southwesterly 45 feet of that certain 200-foot wide strip of land described in deed to LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, recorded as Document No. 2228, on July 15, 1948, in Book 27724, page 264, of Official Records, in the office of said Recorder.

EXCEPTING therefrom that portion lying northwesterly of a radial line of that certain 1,900-foot radius curve in the southwesterly line of said 200-foot wide strip of land, said radial line passes through a point in said curve distant northwesterly along said curve 233.51 feet from its intersection with the easterly line of said Lot 15.

PARCELS NO. 60L, 772L, 773L, 774L, 775L, 780L, 781L, and 786L:

Those portions of those parts of Lot 193, Tract No. 1000, as shown on map recorded in Book 19, pages 1 to 34, inclusive, of above-mentioned Maps, described as PARCEL 60, PARCEL 772, PARCEL 773, PARCEL 774, PARCEL 775, PARCEL 780, PARCEL 781, and PARCEL 786, all in a Final Judgment, had in Superior Court Case No. 518236, a certified copy of which is recorded in Book 27530, page 245, of above-mentioned Official Records, within a strip of land 45 feet wide, the southerly sideline of said last-mentioned strip of land being coincident with the southerly lines of said PARCEL 60, PARCEL 773, PARCEL 774, PARCEL 775, PARCEL 780, PARCEL 781, and PARCEL 786.

The northerly sideline of said last-mentioned 45-foot wide strip of land shall be prolonged northwesterly and southeasterly so as to terminate at the westerly line of said PARCEL 772 and the easterly line of said PARCEL 775, respectively.

EXCEPTING from both the above-described 45-foot wide strips of land any portion lying within a public street.

EXHIBIT A

EXHIBIT C

RECORDING REQUESTED BY)	
AND WHEN RECORDED RETURN TO:)	
)	
Steven M. Siemens, Esq.)	
Russ, August & Kabat)	
12424 Wilshire Boulevard, Suite 1200)	
Los Angeles, California 90025)	(This Space for Recorder's Use)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is made as of _____,
between the Los Angeles Flood Control District, a body Corporate and politic ("District")
and 12729 Riverside, LLC, a California limited liability company ("Tenant").

1. District has leased to Tenant and Tenant has hired from District all of that certain land located in the City of Los Angeles, County of Los Angeles, State of California, as more particularly described in Exhibit A attached hereto (the "Land"), together with all improvements now or hereafter located on the Land, pursuant to the terms of that certain unrecorded Lease dated as of _____, (the "Lease").

2. The initial term of the Lease (the "Initial Term") commenced on the Anniversary Date (as defined in the Lease) and shall expire on the last day prior to the **fortieth (40th)** anniversary thereof, unless sooner terminated or extended.

3. Pursuant to the Lease, Tenant may extend the Initial Term for **three (3) successive additional periods of five (5) years each.**

4. The rentals to be paid by Tenant and all of the rights and obligations of the parties with respect to the above described property are set forth in the Lease.

5. The Anniversary Date (as defined in the Lease) of the term of the Lease was _____.

6. This instrument is a memorandum of the Lease and is solely for recording purposes and shall not be construed to alter, modify or supplement the Lease.

IN WITNESS WHEREOF, this Memorandum of Lease has been duly executed by the parties hereto the day and year first above written.

“DISTRICT”

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT,
a body corporate and politic

By: _____
Chair, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer
of the Board of Supervisors
of the County of Los Angeles

By: _____
Deputy

Date: _____

“TENANT”

12729 RIVERSIDE, LLC,
a California limited liability company

By: PCS Properties, LLC,
A California limited liability company, sole member

By: _____
Joseph Fryzer, member

By: _____
Paul S. Jennings, member

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2003, before me, _____, a
Notary Public of the State of California, personally appeared
_____, personally known to me (or proved to me on the
basis of satisfactory evidence) to be the person whose name is subscribed to the within
instrument, and acknowledged to me that he/she executed the same in his/her authorized
capacity, and that by his/her signature on the instrument, the person, or the entity upon
behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)

Notary Public

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2003, before me, _____, a
Notary Public of the State of California, personally appeared
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(SEAL)

Notary Public

TUJUNGA WASH 58½L
Also affects: Parcels No. 60L, 772L, 773L, 774L,
775L, 780L, 781L, and 786L
C.I. 54
11-RW 23.1 and 24.1
S.D. 3
T.G. 562 (E3-F3)

DESCRIPTION
(Lease purposes)

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EXCEPTING therefrom that portion lying northwesterly of a radial line of that certain 1,900-foot radius curve in the southwesterly line of said 200-foot wide strip of land, said radial line passes through a point in said curve distant northwesterly along said curve 233.51 feet from its intersection with the easterly line of said Lot 15.

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The northerly sideline of said last-mentioned 45-foot wide strip of land shall be prolonged northwesterly and southeasterly so as to terminate at the westerly line of said PARCEL 772 and the easterly line of said PARCEL 775, respectively.

EXCEPTING from both the above-described 45-foot wide strips of land any portion lying within a public street.

EXHIBIT A

RECORDING REQUESTED BY)
AND WHEN RECORDED RETURN TO:)
)
Steven M. Siemens, Esq.)
Russ, August & Kabat)
12424 Wilshire Boulevard, Suite 1200)
Los Angeles, California 90025) (This Space for Recorder's Use)

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terms of that certain unrecorded Lease dated as of _____, (the "Lease").

2. The initial term of the Lease (the "Initial Term") commenced on the
Anniversary Date (as defined in the Lease) and shall expire on the last day prior to the
fortieth (40th) anniversary thereof, unless sooner terminated or extended.

3. Pursuant to the Lease, Tenant may extend the Initial Term for **three (3)**
successive additional periods of five (5) years each.

4. The rentals to be paid by Tenant and all of the rights and obligations of the
parties with respect to the above described property are set forth in the Lease.

5. The Anniversary Date (as defined in the Lease) of the term of the Lease was
August 1, 2003.

6. This instrument is a memorandum of the Lease and is solely for recording
purposes and shall not be construed to alter, modify or supplement the Lease.

IN WITNESS WHEREOF, this Memorandum of Lease has been duly executed by the parties hereto the day and year first above written.

“DISTRICT”

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT,
a body corporate and politic

By: _____
Chair, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer
of the Board of Supervisors
of the County of Los Angeles

APPROVED as to form

By: _____
Deputy

LLOYD W. PELLMAN, County Counsel

Date: _____

By: _____
Deputy

“TENANT”

12729 RIVERSIDE, LLC,
a California limited liability company

By: PCS Properties, LLC,
A California limited liability company, sole member

By: _____
Joseph Fryzer, member

By: _____
Paul S. Jennings, member

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On January 6, 1987, the Board of Supervisors for the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts adopted a resolution pursuant to Section 25103 of the Government Code which authorized the use of facsimile signatures of the Chair of the Board on all papers, documents, or instruments requiring his/her signature.

The undersigned hereby certifies that on this _____ day of _____, 20_____, the facsimile signature of _____, Chair of the Board of Supervisors of the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT was affixed hereto as the official execution of this document. The undersigned further certifies that on this date, a copy of the document was delivered to the Chair of the Board of Supervisors of the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT.

In witness whereof, I have also hereunto set my hand and affixed my official seal the day and year above written.

VIOLET VARONA-LUKENS,
Executive Officer
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of the County of Los Angeles

By _____
Deputy

(LACFCD-SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

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(SEAL)

Notary Public

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Notary Public

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Also affects: Parcels No. 60L, 772L, 773L, 774L,
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